Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	GEN. Doc. No. 90-314
Amendment of the Commission's	)	ET Doc. No. 92-100
Rules to Establish New Personal	)	
Communications Services	)	

REPLY COMMENTS OF GRAND BROADCASTING CORPORATION

TO: The Commission

Now comes Grand Broadcasting Corporation (hereinafter termed "Grand Broadcasting"), by its General Counsel and President, and respectfully replies to GTE's COMMENTS in the above captioned matter, which are highly relevant to Grand Broadcasting's COMMENTS in this Docket and referenced PETITION FOR RULE MAKING AND REQUEST FOR PIONEER'S PREFERENCE (hereinafter termed "Petition") in GEN. Doc. 91-2, both requesting the Commission to allocate 1 MHz for two service providers, or 500 kHz for one service provider, from the 901-902 MHz, 930-931 MHz, or 940-941 MHz bands for the proposed Interactive Broadcast Radio Service ("IBRS").

Respectfully submitted,

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I. SUMMARY

On November 9, 1992 Grand Broadcasting filed brief COMMENTS in the above captioned docket informing the Commission and all parties of record in this docket of Grand Broadcasting's simultaneously filed PETITION FOR RULE MAKING AND REQUEST FOR PIONEER'S PREFERENCE (hereinafter termed "Petition") in GEN. Doc. No. 91-2. The Petition proposed, inter alia, that the Commission allocate 1 MHz of any one of the three 900 MHz bands proposed in GEN. Doc. 90-314 for "narrowband" PCS to the innovative and pioneering Interactive Broadcast Radio Service ("IBRS") described in said Petition.

In responding herein to (and in support of) GTE's COMMENTS, Grand Broadcasting provides the Commission with information - in addition to the detailed information already referenced in Grand Broadcasting's November 9th COMMENTS in this Docket - to assist the Commission in considering Grand Broadcasting's COMMENTS in this Docket and, by reference, the relevant portion of the Petition.*

* Consequently, failure of the Commission to consider the proposed alternative, non-PCS IBRS use of said 900 MHz frequencies in this Docket is in itself grounds for remand to the Commission. National Black Media Coalition v. FCC, 775 F.2d 342, 357 (1985) [citation omitted]; Telocator Network of America v. FCC, 691 F.2d 525, 537 n. 105 (1982) (the Commission must take a "'hard look' at the relevant factors" [citations omitted]) and at 545 (the Commission must identify "all relevant issues, [give] them thoughtful consideration duly attentive to comments received, [and formulate] a judgment which rationally accommodates the facts capable of ascertainment and the policies slated for effectuation").

GTE's COMMENTS are highly relevant to both Grand Broadcasting's November 9th COMMENTS in this Docket and the referenced PETITION. The pertinent portions of the GTE Comments are highlighted below and followed by Grand Broadcasting's replies thereto.

II. GTE'S COMMENTS SUPPORT GRAND BROADCASTING'S PROPOSED IBRS ALLOCATION IN ANY ONE OF THE THREE 1 MHZ BANDS (900 MHZ) CURRENTLY PROPOSED FOR "NARROWBAND" PCS.

GTE's November 9th COMMENTS in this Docket coincidentally support Grand Broadcasting's proposed IBRS allocation in any one of the three 1 MHz bands (900 MHz) currently proposed for "narrowband" PCS. Indeed, Commission grant of said IBRS allocation will efficiently advance virtually all of the vital telecommunications policy goals cited by GTE, while injecting new life, vigor and economic assistance to the ailing broadcast radio industry.

1. GRAND BROADCASTING'S PROPOSED IBRS SERVICE IS DESIGNED TO DEPLOY ELECTRONIC DATA INTERCHANGE ("EDI") FOR ROUTING AND PROCESSING CONSUMER AND MERCHANT RETURN (RF) RESPONSES, THEREBY SUBSTANTIALLY INCREASING USAGE OF BOTH LANDLINE AND EDI VAN TELECOMMUNICATIONS NETWORKS.

As a threshold matter, GTE notes

> "the Notice assumes massive spectrum allocations are immediately required [for PCS], and, in the haste to allocate spectrum, overlooks a number of basic concerns:
>
> . . .

> [t]he Notice fails to address or substantively evaluate how to integrate new services to best strengthen the Nation's telecommunications infrastructure . . . [including] vital local exchange telephone services . . . [or] the associated support systems designed to ensure universal telephone service . . ."

GTE Comments at 1.

In addition to constituting an integral part of Grand Broadcasting's proposed IBRS radio frequency system, electronic data interchange ("EDI") will also form the infrastructure for the IBRS support system. See Petition at pages 33-35 and ENGINEERING EXHIBIT 1. Indeed, except for using the requested 500 kHz (per service provider) to transmit consumer and merchant return responses (as described in Grand Broadcasting's Petition), Grand Broadcasting's proposed EDI clearinghouse will promote heavy usage of both landline and EDI VAN networks.

GTE expresses concern that PCS will take customers away from the phone companies without allowing them to participate in providing PCS. See, e.g. GTE Comments at 4, 5, 7 and 43. By "leverag[ing] current investments in existing [landline] networks" and "complement[ing] the existing communications infrastructures", Grand Broadcasting's proposed EDI clearinghouse network promises to greatly expand telephone network, as well as interconnected EDI VAN, network usage. GTE Comments at 13 and 26, respectively.

A. EDI NETWORKS, BY DESIGN, USE LANDLINE TELEPHONE NETWORK FACILITIES AS GATEWAYS TO NATIONWIDE, AND WORLDWIDE, EDI VANS.

As an example of EDI telephone network design, the Sears Communication Company ("SCC") EDI VAN network, with which Grand Broadcasting has discussed interconnection arrangements, had (according to brochure literature, pre-IBM merger, and may still have) 135 boundary nodes with over 10,000 larger telephone users connected. See Petition ENGINEERING EXHIBIT 1 for detailed discussion of EDI and how EDI works in the proposed IBRS. While AT&T, Sprint, General Electric, BT Tymnet and other telecommunications companies offer competitive EDI VAN services with which IBRS may interconnect, Grand Broadcasting uses Sears' EDI VAN network, SCC, for discussion purposes herein.

In the SCC network 120 T-1 lines and thousands of slower dedicated lines interconnect more than 9,500 Sears locations in eight countries. Further, said network uses EDI to send and receive purchase orders and invoices with approximately 700 suppliers. Sears began using EDI more than 20 years ago.

The SCC network deploys a "quick response system" - a service that electronically downloads inventory information from companies to suppliers, serving about 100 suppliers. Similarly, Grand Broadcasting's proposed IBRS service will download (to interactive radio terminals and databases) information from radio stations, radio advertisers and

record/compact disc producers on advertising and programming times, as well as coupons and other digital data transmissions available. See discussion of all information downloaded in Petition at pages 7 - 8.

SCC network users in a quick response system electronically download inventory information to other network users. Sears further uses this information to alter production schedules so that when a purchase order is received via EDI on SCC, the goods can be shipped more rapidly.

In the SCC network retail stores transmit - via EDI purchase orders (Transaction Set 850) - purchase information to suppliers. Similarly, the purchase information, as well as information requests, transmitted in IBRS would go directly to the advertisers/suppliers, which most likely would already be connected to an EDI network, thereby eliminating the need to establish merchant transmission facilities.

Consequently - through IBRS and existing telephone based EDI networks - radio listeners would have direct and instantaneous electronic access to radio advertisers and record/CD producers. Indeed, radio listeners will have immediate and interactive access to the in place nationwide/worldwide EDI marketplace.

2. IN ADDITION TO EXAMINING THE IMPACT OF CABLE TELEVISION ENTRY INTO PCS, THE COMMISSION MUST EXAMINE THE COMPETITIVE INJURY RADIO BROADCASTERS WILL INCUR SHOULD CABLE TELEVISION, AND - TO A LESSER BUT STILL SIGNIFICANT EXTENT - BROADCAST TELEVISION, BEGIN DEVELOPING THE INTERACTIVE MEDIA MARKET BEFORE BROADCAST RADIO.

At page 22 of its COMMENTS, GTE expresses concern about the impact of cable television entry into PCS. In addition to perhaps unfairly competing against telephone companies, a cable television head-start - ahead of radio - in the interactive media marketplace (by virtue of PCS, as well as IVDS) would be particularly detrimental to the broadcast radio industry because the cable and radio media compete for largely the same targetted markets, such as age groups. In contrast, broadcast television typically markets to a mass, untargetted audience.

Consequently, cable television, by obtaining a significant head-start over radio in the interactive media and entertainment market will have an unfair advantage over radio in the interactive advertising business. By in effect luring advertisers from, or enticing advertisers to buy cable television rather than radio advertising, interactive cable television would then likely cause the economic condition of the broadcast radio industry to deteriorate even further than it is at present.

The Commission, in its recent Advanced Television decision, deems "competitive pressures on broadcasters" to

be relevant to broadcast frequency allocation. Broadcast Services; Advanced Television Systems, Final Rule, MM Doc No. 87-268, 57 FR 53590 (November 12, 1992) at para. 15. Accord. Telocator Network of America v. FCC, supra at 544 n. 154, citing Carrol Broadcasting Co. v. FCC, 103 U.S. App. D.C. 346, 258 F.2d 440 (1958). ("'economic injury to an existing station, while not in and of itself a matter of moment, becomes important when on the facts it spells diminution or destruction of service.'"). Accordingly, competitive pressures arising from interactive cable (and, to a lesser but still significant extent, interactive broadcast television) argue for broadcast radio to also become interactive and for allocation of the requested IBRS spectrum, ideally at 1 MHz in the above specified 900 MHz if not the IVDS spectrum.

3. WHEREAS THE DEMAND FOR AND DEFINITION OF "NARROWBAND" PCS IS AN UNKNOWN QUANTITY, GRAND BROADCASTING'S PROPOSED IBRS SERVICE IS CLEARLY DEFINED AND PROMISES TO MEET CONSUMER DEMANDS ANALOGOUS TO THOSE DEMANDS ALREADY DEEMED BY THE COMMISSION TO EXIST WITH RESPECT TO INTERACTIVE TELEVISION.

Turning to the demand for all the PCS spectrum proposed by the Commission, GTE comments

> "[t]he Commission's NPRM is another step in a series of FCC actions directed toward evaluating the demand and need for PCS ..."

GTE COMMENTS at 2. Indeed, while the demand for and definition of the proposed "narrowband" PCS services is

unclear, the demand for and definition of IBRS is clear and compelling.

In this regard the NTIA spectrum allocation objectives cited in the Petition at page 9 support GTE's COMMENTS:

> "'spectrum efficiency = $\frac{\text{communications achieved}}{\text{spectrum resources used}}$
>
> ... [t]he equation shows that spectrum use and spectrum efficiency are inversely proportional: the less spectrum resources a system uses to achieve its desired function, the more spectrum efficient it is.'"

Petition at 9 citing National Telecommunications and Information Administration, "U.S. Spectrum Management Policy: An Agenda for the Future" at p. 129. Further, spectrum efficiency is an "important ... factor" for the Commission to consider in making a radio frequency allocation. Petition at 9 citing NTIA, supra at p. 128, n. 481.

Whereas the definition of the "narrowband" PCS services proposed for 900 MHz spectrum bands is unclear, Grand Broadcasting's proposed Interactive Broadcast Radio Service is well-defined, will serve far-reaching and useful consumer needs and only requires one of the 900 MHz 1 MHz bands proposed for PCS (or 500 kHz for one service provider). See IBRS description in Petition. Assuming two IBRS service providers would be preferable to one, Grand

Broadcasting's proposed IBRS 900 MHz service would consist of two competing service providers for a highly useful, desirable and convenient consumer service in just 1 MHz of spectrum; in contrast, PCS 900 MHz service would entail an undefined or vague service of unknown consumer or competitive interest.

Clearly, under the NTIA spectrum efficiency formula, two competing service providers in 1 MHz band in either the 981-902 MHz, 930-931 MHz or 940-941 MHz band would be more efficient than allocating uncertain "narrowband" PCS service in any one of said bands. Consequently, the Commission should allocate Grand Broadcasting's proposed IBRS service in one of said 900 MHz bands.

4. GRAND BROADCASTING PROPOSES TWO COMPETING IBRS SERVICE PROVIDERS IN EACH MARKET AREA.

GTE, at page 26 of its Comments, discusses the Commission's telecommunications policies "strongly favor[ing] and encourag[ing] competition", citing, inter alia, Reconsideration of Rules Concerning the Use of Subsidiary Communications Authorization, 55 Rad. Reg. 2d (P&F) 1607, 1614 (1984), rev'd on other grounds. Grand Broadcasting proposes IBRS as a competitive service.

5. GRAND BROADCASTING'S PROPOSED IBRS SERVICE WILL BOOST LOCAL AND NATIONAL ECONOMIES AS WELL AS THE AILING BROADCAST RADIO INDUSTRY WHILE DISTINGUISHING THE UNITED STATES AS THE UNDISPUTED WORLDWIDE LEADER IN EMERGING INTERACTIVE BROADCAST RADIO TECHNOLOGIES.

At pages 13 and 44 of its Comments GTE aptly describes

the critical importance of telecommunications, and in particular PCS as well as other emerging technologies, on the national economic condition and telecommunications infrastructure. Further, GTE discusses how Commission policy decisions will enhance the United States position as a leader in world communications.

Grand Broadcasting's proposed IBRS service apparently is the first such interactive broadcast radio service in the world. Consequently, an IBRS allocation, as requested by Grand Broadcasting, would give the U.S. a substantial, early lead - as well as positive worldwide recognition as pioneering - in the imminent era of digital radio broadcasting. See attached BUSINESS WEEK article for a discussion of the upcoming digital revolution in America.

Grand Broadcasting's proposed IBRS service will dramatically expand local and national economies. Indeed, an entirely new form of purchasing and selling products/services is proposed - one allowing radio listeners to instantaneously and electronically buy (and pay for) an advertised product/service or record/CD, make an appointment to test drive an advertised car, etc. and inquire and receive information about advertised products and services or songs in a variety of interactive forms - in addition to instantaneously and electronically interacting with radio programming, such as contests or game shows. See Petition ENGINEERING EXHIBIT 1 discussion.

Consequently, Grand Broadcasting's proposed IBRS network promises to substantially promote the purchase and sell of goods and services in local and national markets. In addition, IBRS will enhance the marketing appeal of broadcast radio, thereby significantly financially enhancing the radio broadcast industry - which is at present ailing.

Finally, it should be noted that the attached BUSINESS WEEK article mentions a multitude of interactive video and data technologies but omits any mention of interactive broadcast radio. In addition, the attached articles published in the THE NEW YORK TIMES, MULTICHANNEL NEWS, INBOUND/OUTBOUND Magazine, NEWS DAY and THE WALL STREET JOURNAL clearly reveal a promising future for interactive television - due to the FCC IVDS allocation - without any mention of interactive broadcast radio's future. Simply and plainly put, Grand Broadcasting's requested allocation is needed to economically and efficiently provide a communications means for interactive broadcast radio service to develop.

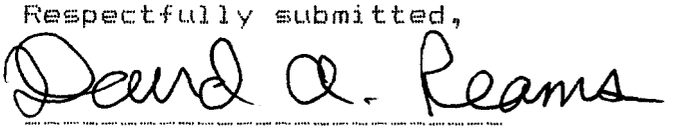
* * * *

III. CONCLUSION

Grand Broadcasting's November 9th COMMENTS in this Docket, the Petition referenced therein and these REPLY COMMENTS set forth forceful reasons for the Commission to grant the requested allocation for IBRS. As noted in the

November 9th COMMENTS, any one 1 MHz band among the three 900 MHz bands currently proposed for "narrowband" PCS would be ideally suited for IBRS. In conclusion, for many of the vital policy goals outlined by GTE in its COMMENTS, the Commission should allocate any of said 900 MHz bands for IBRS.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that on this 19th day of November, 1992 a copy of the foregoing was mailed via first class U.S. mail, postage pre-paid, to all parties of record in GEN Doc. No. 90-314 and to the persons named below.

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